

Department of Commerce Support for Cluster Development



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What Are Clusters?

- Geographically concentrated
- Competitive firms in related industries
- Doing business with each other
- Sharing needs for common talent, technology and infrastructures.

What are Clusters?

- A network of interconnected:
 - Businesses
 - Suppliers
 - Services
 - Academic Institutions
 - Producers



Commerce Role In Clusters



- Help build a structure necessary to organize Wisconsin's clusters and move them forward.
- Play a role in removing impediments for competitiveness.
- Provide a forum for clusters to voice challenges and explore opportunities.



Why Cluster?

- **Prioritize and focus economic activities and assistance to benefit an entire industries poised for growth.**



- Support for Cluster Development

Keys to WI Clustering Success

- **Knowledge -- Wisconsin's outstanding educational system.**
- **Relationships -- Extensive public and private partnerships.**
- **Motivation -- Commitment by the state's workforce to improve our economic climate.**



Established Clusters

- Mature industries that have been the backbone of the WI economy
- Core businesses with influential leaders, strong industry affiliations and existing partnerships.
- Focus on encouraging retention and expansion activities.



Established Clusters

- Dairy
- Food Products and Processing
- Paper
- Plastics
- Printing
- Small Engine Manufacturing
- Tourism



- *Support for Cluster Development*

Dairy

- A cluster already up and running
- \$20 billion industry
- Existence of Dairy 2020 Program
- Dairy 2020 Council
- Dairy 2020 Early Planning Grant
- MVP - Milk Value Production program

Food Products and Processing

- WI ranks 6th nationally in food products.
- High-paying jobs (\$36,000+/year)
- 70,000 employed within 1,200 firms
- High interest and activity already begun in south central region
- Strong link to biotechnology.



Paper

- #1 paper producing state in the country for the last 50 years
- 45,000 employees
- Average wage \$49,000 per year
- Papermaking indirectly supports 108,000 Wisconsin jobs
- Strong supportive organization with Wisconsin Paper Council



Plastics

- 36% of all U.S. plastics manufacturing activity takes place within a 500-mile radius of Wisconsin.
- 24% Increase in employment over the past year.
- 9th in employment and 11th in number of establishments nationally.



Printing

- 40,000 employees
- 1,100+ companies include large, cutting-edge industry leaders
- Strong commitment and collaboration from printers, suppliers, local government, academia and trade association
- Existing project underway



Small Engine Manufacturing

- 23% of all WI jobs are in the manufacturing sector
- Wisconsin leads the nation in production of low horsepower gasoline engines
- Large number of high-wage jobs
- WI losing thousands of manufacturing jobs

Tourism

- Tourism brings in \$6.6 billion to the state annually
- 325,000 jobs
- Large economic impact on the state

Emerging Clusters

- High-growth and high-wage businesses needed to grow a high-end economy.
- Needs and challenges facing these high-tech clusters differ from typical economic development efforts
- More energy, time and resources needed to help move these clusters forward



Emerging Clusters

- **Biotechnology**
- **Information Technology**
- **Medical Devices**



- Support for Cluster Development

Biotechnology

- Over 200 biotechnology companies in the state
- A leader in research and development
- Milwaukee, Madison and Marshfield “bio-triangle” connecting Twin Cities and Chicago



Information Technology

- 94,000 IT jobs - many paying higher than average wages
- Strong commitment and efforts underway in southeast region
- Over 6,600 IT jobs in Chippewa and Eau Claire
- Rapidly growing cluster



Medical Devices

- Industry leader GE Medical headquartered in Waukesha
- High-wage, high-growth jobs (\$46,500 per year)
- Problems/opportunities identified and outlined in position paper.
- Wisconsin ranks 3rd amongst states in exporting medical devices (behind CA and MA).
- Large amount of federal funding for academia R&D.



Charge to State Clusters

- Commerce committed to supporting clusters but industry also needs to share this commitment and take the lead.
- Clusters need to be led by an industry leader or “cluster champion.”



Charge to State Clusters

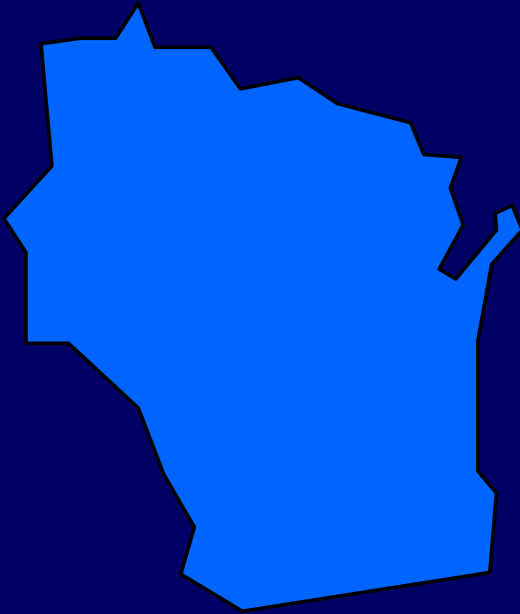
- Cluster needs to work with members to outline specific needs, goals, challenges, and opportunities.
- Articulate an achievable vision for the future and where the cluster hopes to be in the next five, 10 and 20 years.



Commitment From Commerce

- Assign a coordinator to work with a specific cluster
- Examine existing programs and resources for appropriate cluster projects
- Explore federal funding opportunities to pursue funds which could be directed to state cluster efforts
- Give priority to cluster projects applying for Commerce programs
- Partner with other agencies to identify possible funding initiatives for cluster activities.

Conclusion



- **Established clusters will continue to be important to the state.**
- **Emerging high-end clusters need to be cultivated and supported.**
- **Commerce will work with cluster**
 - | create high paying jobs
 - | encourage spin off companies
 - | retain our talented workers
 - | improve and increase R&D opportunities

